

**CITY OF FORT LAUDERDALE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2002**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	SUNRISE KEY
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 59,872,489	105,828,251	165,700,740	124,771
Investments	308,255	0	308,255	0
Receivables (Net of Allowances for Uncollectibles)	13,899,443	13,218,964	27,118,407	0
Internal Balances	(1,060,195)	1,060,195	0	0
Inventories	15,242,356	674,204	15,916,560	0
Restricted Assets				
Cash and Cash Equivalents	944,030	10,291,844	11,235,874	0
Investments	32,951,794	486,439	33,438,233	0
Accrued Interest and Dividends	92,173	0	92,173	0
Capital Assets (Net of Accumulated Depreciation)	176,669,143	344,225,819	520,894,962	0
Investment in Joint Venture	0	1,197,349	1,197,349	0
Deferred Debt Issuance Costs	0	87,894	87,894	0
Deposits	210,882	0	210,882	0
Total Assets	<u>299,130,370</u>	<u>477,070,959</u>	<u>776,201,329</u>	<u>124,771</u>
<b>LIABILITIES</b>				
Vouchers and Other Current Liabilities	10,672,211	6,627,837	17,300,048	0
Deposits	3,058,660	688,615	3,747,275	0
Deferred Revenue	9,776,351	2,667,576	12,443,927	0
Payable from Restricted Assets				
Vouchers and Other Current Liabilities	2,214,813	37,449	2,252,262	0
Utility Deposits	0	3,955,589	3,955,589	0
Noncurrent Liabilities				
Due Within One Year	23,585,184	2,279,005	25,864,189	0
Due in More Than One Year	109,298,162	14,841,520	124,139,682	0
Total Liabilities	<u>158,605,381</u>	<u>31,097,591</u>	<u>189,702,972</u>	<u>0</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt Restricted for	88,121,566	340,916,567	429,038,133	0
Debt Service	1,193,715	0	1,193,715	0
Capital Improvements	18,829,483	5,633,209	24,462,692	0
Endowments	11,749,986	0	11,749,986	0
Other Purposes	0	1,152,036	1,152,036	0
Unrestricted	20,630,239	98,271,556	118,901,795	124,771
Total Net Assets	<u>\$ 140,524,989</u>	<u>445,973,368</u>	<u>586,498,357</u>	<u>124,771</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF FORT LAUDERDALE, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS			COMPONENT UNIT SUNRISE KEY
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT								
Governmental Activities								
General Government	\$ 28,390,607	13,777,073	0	0	(14,613,534)	0	(14,613,534)	0
Public Safety	125,422,644	13,050,599	2,534,798	0	(109,837,247)	0	(109,837,247)	0
Physical Environment	6,822,705	5,081,105	36,638	596,153	(1,108,809)	0	(1,108,809)	0
Transportation	6,238,336	2,084,664	4,729,514	910,381	1,486,223	0	1,486,223	0
Economic Environment	16,903,009	0	15,120,278	0	(1,782,731)	0	(1,782,731)	0
Culture and Recreation	34,646,773	6,787,251	263,794	791,874	(26,803,854)	0	(26,803,854)	0
Interest on Long-term Debt	4,110,118	0	0	0	(4,110,118)	0	(4,110,118)	0
Total Governmental Activities	222,534,192	40,780,692	22,685,022	2,298,408	(156,770,070)	0	(156,770,070)	0
Business-type Activities								
Water and Sewer	58,248,372	65,118,499	91,366	2,113,238	0	9,074,731	9,074,731	0
Sanitation	19,182,990	19,070,940	27,500	0	0	(84,550)	(84,550)	0
Parking System	6,998,590	7,661,517	0	0	0	662,927	662,927	0
Airport	4,797,424	4,633,939	309,729	4,155,999	0	4,302,243	4,302,243	0
Stormwater	2,716,211	3,151,713	0	70,469	0	505,971	505,971	0
Total Business-type Activities	91,943,587	99,636,608	428,595	6,339,706	0	14,461,322	14,461,322	0
Total Primary Government	\$ 314,477,779	140,417,300	23,113,617	8,638,114	(156,770,070)	14,461,322	(142,308,748)	0
COMPONENT UNIT								
Sunrise Key	\$ 33,637	0	0	0	0	0	0	(33,637)
General Revenues								
Property Taxes					73,910,812	0	73,910,812	74,967
Utility Taxes					35,195,157	0	35,195,157	0
Franchise Taxes					11,249,732	0	11,249,732	0
Other Taxes					17,329,661	0	17,329,661	0
Fines and Forfeitures					3,553,352	0	3,553,352	0
Grants and Contributions not Restricted to Specific Programs					890,826	0	890,826	0
Unrestricted Investment Earnings					2,753,951	4,440,722	7,194,673	4,021
Miscellaneous					699,454	540,141	1,239,595	0
Capital Contributions, Net					289,351	(289,351)	0	0
Transfers					2,042,824	(2,042,824)	0	0
Total General Revenues and Transfers					147,915,120	2,648,688	150,563,808	78,988
Change in Net Assets					(8,854,950)	17,110,010	8,255,060	45,351
Net Assets - Beginning of Period					149,379,939	428,863,358	578,243,297	79,420
Net Assets - End of Period					\$ 140,524,989	445,973,368	586,498,357	124,771

The accompanying notes are an integral part of these financial statements

**CITY OF FORT LAUDERDALE, FLORIDA**

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2002

	GENERAL	INTERGOVERN- MENTAL REVENUE	GENERAL CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 7,801,861	5,797,216	19,061,786	9,800,248	42,461,111
Investments	0	0	0	308,255	308,255
Receivables					
Property Taxes	1,932,414	0	0	186,135	2,118,549
Accounts and Loans	3,977,498	178,531	0	0	4,156,029
Assessments	0	0	214,107	0	214,107
Due from Other Funds	22,160	0	476,084	23,369	521,613
Due from Other Governments	4,275,201	2,770,572	0	354,501	7,400,274
Inventories	135,338	2,675,297	3,645,207	8,428,061	14,883,903
Restricted Assets					
Cash and Cash Equivalents	0	0	0	926,647	926,647
Investments	0	0	0	32,951,794	32,951,794
Accrued Dividends and Interest	0	0	0	92,173	92,173
Deposits	60,882	0	0	0	60,882
Total Assets	<u>\$ 18,205,354</u>	<u>11,421,616</u>	<u>23,397,184</u>	<u>53,071,183</u>	<u>106,095,337</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Vouchers Payable	\$ 965,998	1,443,133	998,581	390,692	3,798,404
Contracts Payable	0	82,330	509,595	29,326	621,251
Accrued Payroll	4,259,860	47,751	0	37,232	4,344,843
Due to Other Funds	0	0	0	521,613	521,613
Due to Other Governments	191,532	0	0	0	191,532
Payable from Restricted Assets					
Vouchers Payable	0	0	0	1,965,293	1,965,293
Contracts Payable	0	0	0	232,137	232,137
Compensated Absences and Longevity	27,342	0	0	0	27,342
Deposits	2,506,524	0	260,895	291,241	3,058,660
Deferred Revenue	2,900,108	5,353,608	1,336,500	186,135	9,776,351
Total Liabilities	<u>10,851,364</u>	<u>6,926,822</u>	<u>3,105,571</u>	<u>3,653,669</u>	<u>24,537,426</u>
<b>FUND BALANCES</b>					
Reserved for					
Encumbrances	3,190,726	0	5,002,758	10,350,515	18,543,999
Inventories	135,338	2,675,297	3,645,207	8,428,061	14,883,903
Endowments	0	0	0	11,749,986	11,749,986
Debt Service	0	0	0	1,193,715	1,193,715
Unreserved Reported in					
General Fund					
Designated for Subsequent Years' Expenditures	4,027,926	0	0	0	4,027,926
Special Revenue					
Designated for Subsequent Years' Expenditures	0	369,249	0	2,794,302	3,163,551
Undesignated	0	1,450,248	0	2,324,394	3,774,642
Capital Projects					
Designated for Subsequent Years' Expenditures	0	0	11,100,158	12,328,734	23,428,892
Undesignated	0	0	543,490	247,807	791,297
Total Fund Balances	<u>7,353,990</u>	<u>4,494,794</u>	<u>20,291,613</u>	<u>49,417,514</u>	<u>81,557,911</u>
Total Liabilities and Fund Balances	<u>\$ 18,205,354</u>	<u>11,421,616</u>	<u>23,397,184</u>	<u>53,071,183</u>	<u>106,095,337</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF FORT LAUDERDALE, FLORIDA**  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
AS OF SEPTEMBER 30, 2002

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances of governmental funds in the balance sheet, page 13	\$ 81,557,911
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	157,184,877
Internal service funds are used by management to charge the costs of City insurance, communications, printing and central stores services and for operation of a maintenance facility for City vehicles. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	12,446,887
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.	<u>(110,664,686)</u>
Net assets of governmental activities, page 10	<u>\$ 140,524,989</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF FORT LAUDERDALE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	GENERAL	INTERGOVERN- MENTAL REVENUE	GENERAL CAPITAL PROJECTS	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Property Taxes	\$ 73,910,812	0	0	0	73,910,812
Utility Taxes	35,195,157	0	0	0	35,195,157
Franchise Taxes	11,249,732	0	0	0	11,249,732
Licenses and Permits	9,476,357	0	0	0	9,476,357
Fines and Forfeitures	2,489,265	0	0	1,064,087	3,553,352
Intergovernmental					
Federal	0	13,342,301	0	0	13,342,301
State	12,111,458	2,165,124	(2,456)	204,911	14,479,037
Other Local Units	2,146,499	1,163,860	0	3,082,731	6,393,090
Charges for Services	14,914,401	0	0	48,000	14,962,401
Other					
Assessments and Other Fees	6,084,797	0	31,488	0	6,116,285
Interest and Dividends	807,029	189,892	779,053	1,425,081	3,201,055
Rents and Concession	2,208,233	0	0	170,407	2,378,640
Contributions and Donations	39,051	55,000	549,314	991,170	1,634,535
Net Decrease in Fair Value of Investments	0	0	0	(1,079,553)	(1,079,553)
Interfund Service Charges	14,204,091	0	0	81,044	14,285,135
Sale of Cemetery Plots	0	0	0	740,692	740,692
Miscellaneous	933,851	1,004,756	487,122	294,503	2,720,232
Total Revenues	<u>185,770,733</u>	<u>17,920,933</u>	<u>1,844,521</u>	<u>7,023,073</u>	<u>212,559,260</u>
<b>EXPENDITURES</b>					
Current					
General Government	25,191,565	0	0	0	25,191,565
Public Safety	113,023,330	3,106,079	0	959,577	117,088,986
Physical Environment	5,755,485	40,589	0	495,450	6,291,524
Transportation	2,535,696	1,558,813	0	0	4,094,509
Economic Environment	1,152,912	12,952,503	0	1,042,586	15,148,001
Culture and Recreation	28,517,381	210,481	0	0	28,727,862
Debt Service					
Principal Retirement	31,258	0	0	8,910,000	8,941,258
Interest and Fiscal Charges	5,966	0	0	3,933,016	3,938,982
Capital Outlay	0	655,414	8,134,974	6,094,022	14,884,410
Total Expenditures	<u>176,213,593</u>	<u>18,523,879</u>	<u>8,134,974</u>	<u>21,434,651</u>	<u>224,307,097</u>
Excess Revenues Over (Under)					
Expenditures	<u>9,557,140</u>	<u>(602,946)</u>	<u>(6,290,453)</u>	<u>(14,411,578)</u>	<u>(11,747,837)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Debt Issuance	1,134,617	0	2,218,710	0	3,353,327
Operating Transfers In	102,430	398,071	4,102,100	15,091,783	19,694,384
Operating Transfers Out	(14,496,623)	(236,493)	(2,051,552)	(1,040,055)	(17,824,723)
Capital Contributions	(41,590)	(141,691)	(995,559)	(1,019,555)	(2,198,395)
Total Other Financing Sources (Uses)	<u>(13,301,166)</u>	<u>19,887</u>	<u>3,273,699</u>	<u>13,032,173</u>	<u>3,024,593</u>
Net Change in Fund Balances	<u>(3,744,026)</u>	<u>(583,059)</u>	<u>(3,016,754)</u>	<u>(1,379,405)</u>	<u>(8,723,244)</u>
Fund Balances - Beginning of Period	11,098,016	5,077,853	23,308,367	50,796,919	90,281,155
Fund Balances - End of Period	<u>\$ 7,353,990</u>	<u>4,494,794</u>	<u>20,291,613</u>	<u>49,417,514</u>	<u>81,557,911</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF FORT LAUDERDALE, FLORIDA**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances of governmental funds, page 15	\$ (8,723,244)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.	4,250,152
The net effect of various transactions involving capital assets (sales, trade-ins and donations) is to decrease net assets.	(1,844,642)
The issuance of long-term debt (e.g., bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statements of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	5,587,931
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	(1,538,364)
Internal service funds are used by management to charge the costs of City insurance, communications, printing and central stores services and for operation of a maintenance facility for City vehicles. The net revenue (expense) of certain activities of the internal service funds is reported with governmental activities.	<u>(6,586,783)</u>
Change in net assets of governmental activities, page 11	<u><u>\$ (8,854,950)</u></u>

The accompanying notes are an integral part of these financial statements.

**CITY OF FORT LAUDERDALE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Property Taxes	\$ 73,668,546	73,668,546	73,910,812	242,266
Utility Taxes	33,060,773	33,060,773	35,195,157	2,134,384
Franchise Taxes	10,715,000	10,715,000	11,249,732	534,732
Licenses and Permits				
Occupational Licenses	2,715,000	2,715,000	3,032,174	317,174
Contractor Permits	5,611,978	5,611,978	6,444,183	832,205
Fines and Forfeitures				
Court Fines and Forfeitures	1,365,000	1,365,000	1,362,806	(2,194)
Code Enforcement Fines	175,000	238,896	612,365	373,469
Other Fines and Forfeitures	277,500	335,000	514,094	179,094
Intergovernmental				
State				
State Revenue Sharing	3,760,000	3,760,000	3,596,724	(163,276)
Half Cent Sales Tax	9,400,000	9,400,000	8,021,794	(1,378,206)
State Other	465,000	465,000	492,940	27,940
Other Local Units				
County Shared Gas Tax	2,050,000	2,050,000	1,815,851	(234,149)
County-Other	267,500	267,500	179,818	(87,682)
Downtown Development Authority	150,830	150,830	150,830	0
Charges for Services				
General Government	795,485	755,485	724,968	(30,517)
Public Safety				
Police Service Fees	518,930	518,380	806,113	287,733
Communications System	351,042	351,042	351,192	150
Alarm Fees	564,800	564,800	587,226	22,426
Fire Services	1,202,800	1,202,800	1,555,235	352,435
EMS Transport Fees	4,304,400	4,304,400	3,331,280	(973,120)
Transportation-Parking	762,502	762,502	780,856	18,354
Culture and Recreation				
Auditorium	1,095,500	1,095,500	1,147,512	52,012
Stadiums	472,000	472,000	442,082	(29,918)
Swimming Pools	285,200	285,200	362,958	77,758
Tennis Courts	370,200	370,200	378,947	8,747
Parks	997,050	997,050	784,350	(212,700)
Docks	2,111,278	2,111,278	1,922,677	(188,601)
Program Fees	1,164,800	1,164,800	1,050,640	(114,160)
Special Events	720,000	720,000	474,692	(245,308)
Miscellaneous	202,019	202,569	213,673	11,104
Other				
Assessments and Other Fees	6,286,889	6,286,889	6,084,797	(202,092)
Interest and Dividends	1,636,800	1,636,800	807,029	(829,771)
Rents and Concession	2,281,067	2,281,067	2,208,233	(72,834)
Interfund Service Charges	15,624,174	15,776,761	14,204,091	(1,572,670)
Miscellaneous	526,890	521,890	972,902	451,012
Total Revenues	<u>185,955,953</u>	<u>186,184,936</u>	<u>185,770,733</u>	<u>(414,203)</u>

The accompanying notes are an integral part of these financial statements.

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**CITY OF FORT LAUDERDALE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>EXPENDITURES</b>				
General Government				
City Commission	\$ 206,027	210,741	200,715	10,026
City Manager	3,232,311	3,402,422	2,863,572	538,850
City Attorney	2,116,775	2,189,949	1,916,630	273,319
City Clerk	851,172	892,409	852,674	39,735
Administrative Services	8,285,052	9,046,392	8,968,139	78,253
Finance	3,526,403	3,617,594	3,392,758	224,836
Community and Economic Development	917,350	1,120,068	1,121,720	(1,652)
Public Services	4,154,563	4,077,290	4,054,763	22,527
Unclassified	2,360,657	2,725,978	2,521,781	204,197
Total General Government	<u>25,650,310</u>	<u>27,282,843</u>	<u>25,892,752</u>	<u>1,390,091</u>
Public Safety				
Public Services	5,920,632	6,105,825	6,076,126	29,699
Community and Economic Development	3,485,800	3,321,251	3,275,904	45,347
Fire Rescue	36,189,110	38,999,106	38,574,559	424,547
Police	64,037,767	68,036,189	67,184,215	851,974
Total Public Safety	<u>109,633,309</u>	<u>116,462,371</u>	<u>115,110,804</u>	<u>1,351,567</u>
Physical Environment				
Public Services	6,221,160	5,843,636	5,805,976	37,660
Transportation				
Parks and Recreation	583,288	583,288	472,126	111,162
Public Services	2,276,207	2,268,623	2,120,668	147,955
Total Transportation	<u>2,859,495</u>	<u>2,851,911</u>	<u>2,592,794</u>	<u>259,117</u>
Economic Environment				
Community and Economic Development	1,688,435	1,421,778	1,207,725	214,053
Culture and Recreation				
Parks and Recreation	26,016,050	27,209,851	27,613,940	(404,089)
Community and Economic Development	1,207,733	1,171,886	1,143,104	28,782
Total Culture and Recreation	<u>27,223,783</u>	<u>28,381,737</u>	<u>28,757,044</u>	<u>(375,307)</u>
Debt Service				
Principal Retirement	0	150,518	31,258	119,260
Interest and Fiscal Charges	0	0	5,966	(5,966)
Total Debt Service	<u>0</u>	<u>150,518</u>	<u>37,224</u>	<u>113,294</u>
Total Expenditures	<u>173,276,492</u>	<u>182,394,794</u>	<u>179,404,319</u>	<u>2,990,475</u>
Excess Revenues Over Expenditures	<u>12,679,461</u>	<u>3,790,142</u>	<u>6,366,414</u>	<u>2,576,272</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Debt Issuance	0	1,134,617	1,134,617	0
Operating Transfers In				
Law Enforcement Confiscated Property Fund	0	493,903	102,430	(391,473)

The accompanying notes are an integral part of these financial statements.

Continued on Next Page



**CITY OF FORT LAUDERDALE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - BUDGET BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>OTHER FINANCING SOURCES (USES) Continued</b>				
Operating Transfers Out				
Community Redevelopment Agency Fund	\$ (662,377)	(662,377)	(473,072)	189,305
Intergovernmental Revenue Fund	(177,240)	(288,713)	(193,665)	95,048
Excise Tax Bonds Fund	(2,733,848)	(2,733,848)	(2,741,695)	(7,847)
General Obligation Bonds Fund	(6,787,477)	(6,787,477)	(6,819,448)	(31,971)
Sunshine State Loans Fund	(1,014,304)	(1,014,304)	(1,014,304)	0
General Capital Projects Fund	(4,100,000)	(2,697,600)	(2,697,600)	0
General Obligation Construction Fund 1997	0	(150,000)	(150,000)	0
Parking System Fund	(127,129)	(127,128)	(127,128)	0
Central Services Fund	0	(29,157)	(29,157)	0
Vehicle Rental Fund	(125,277)	(250,554)	(250,554)	0
Total Operating Transfers Out	<u>(15,727,652)</u>	<u>(14,741,158)</u>	<u>(14,496,623)</u>	<u>244,535</u>
Capital Contributions	0	(41,590)	(41,590)	0
Total Other Financing Sources (Uses)	<u>(15,727,652)</u>	<u>(13,154,228)</u>	<u>(13,301,166)</u>	<u>(146,938)</u>
Net Change in Fund Balances	<u>(3,048,191)</u>	<u>(9,364,086)</u>	<u>(6,934,752)</u>	<u>2,429,334</u>
Fund Balances - Beginning of Period	9,150,547	9,150,547	9,150,547	0
Encumbrances at September 30, 2001	1,947,469	1,947,469	1,947,469	0
Fund Balances - End of Period	<u>\$ 8,049,825</u>	<u>1,733,930</u>	<u>4,163,264</u>	<u>2,429,334</u>

The accompanying notes are an integral part of these financial statements.

Continued from Prior Page

**CITY OF FORT LAUDERDALE, FLORIDA**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL

INTERGOVERNMENTAL REVENUE FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	BUDGETED AMOUNTS			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES				
Intergovernmental				
Federal				
Housing and Urban Development	\$ 11,723,021	11,723,021	11,723,021	0
Department of Justice	1,470,542	1,470,542	1,424,124	(46,418)
Department of Treasury	47,860	47,860	19,681	(28,179)
Department of Health and Human Services	139,181	139,181	139,181	0
Environmental Protection Agency	36,294	36,294	36,294	0
State				
Office of Attorney General	73,832	73,832	73,779	(53)
Department of Juvenile Justice	99,949	99,949	99,945	(4)
Department of Community Affairs	240,365	240,365	184,777	(55,588)
Department of Law Enforcement	225,542	225,542	223,745	(1,797)
Department of Education	118,160	118,160	68,716	(49,444)
Department of Environmental Protection	25,000	25,000	25,000	0
Department of Transportation	695,930	695,930	694,010	(1,920)
Department of Agriculture	3,342	3,342	3,289	(53)
Department of Health and Human Services	52,623	52,623	52,623	0
Florida Housing Finance Corporation	739,240	739,240	739,240	0
Other Local Units				
Florida Inland Navigation District	150,073	150,073	150,073	0
Broward County	892,629	892,629	812,694	(79,935)
County Shared Gas Tax	201,093	201,093	201,093	0
Other				
Interest and Dividends	189,892	189,892	189,892	0
Contributions	55,000	55,000	55,000	0
Miscellaneous	1,004,756	1,004,756	1,004,756	0
Total Revenues	18,184,324	18,184,324	17,920,933	(263,391)
EXPENDITURES				
Current				
Public Safety				
Police	3,344,714	3,344,714	3,007,674	337,040
Fire	52,869	52,869	52,869	0
Administrative Services	50,706	50,706	45,536	5,170
Total Public Safety	3,448,289	3,448,289	3,106,079	342,210
Physical Environment				
Planning and Economic Development	40,589	40,589	40,589	0
Transportation				
Public Services	902,844	902,844	752,844	150,000
City Manager	887,915	887,915	799,407	88,508
Community and Economic Development	6,562	6,562	6,562	0
Total Transportation	1,797,321	1,797,321	1,558,813	238,508
Economic Environment				
Community and Economic Development	12,952,503	12,952,503	12,952,503	0

The accompanying notes are an integral part of these financial statements.

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**CITY OF FORT LAUDERDALE, FLORIDA**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL  
INTERGOVERNMENTAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<b>EXPENDITURES (Continued)</b>				
Culture and Recreation				
Parks and Recreation	\$ 229,977	229,977	180,481	49,496
Public Services	30,000	30,000	30,000	0
Total Culture and Recreation	<u>259,977</u>	<u>259,977</u>	<u>210,481</u>	<u>49,496</u>
Capital Outlay				
Transportation	260,188	260,188	260,188	0
Culture and Recreation	395,226	395,226	395,226	0
Total Capital Outlay	<u>655,414</u>	<u>655,414</u>	<u>655,414</u>	<u>0</u>
Total Expenditures	<u>19,154,093</u>	<u>19,154,093</u>	<u>18,523,879</u>	<u>630,214</u>
Excess Revenues Over (Under)				
Expenditures	<u>(969,769)</u>	<u>(969,769)</u>	<u>(602,946)</u>	<u>366,823</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In				
General Fund	193,665	193,665	193,665	0
Law Enforcement Confiscated Property Fund	201,000	201,000	201,000	0
Central Services Fund	3,406	3,406	3,406	0
Total Operating Transfers In	<u>398,071</u>	<u>398,071</u>	<u>398,071</u>	<u>0</u>
Operating Transfers Out				
Water and Sewer Fund	(236,493)	(236,493)	(236,493)	0
Capital Contributions	<u>(141,691)</u>	<u>(141,691)</u>	<u>(141,691)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>19,887</u>	<u>19,887</u>	<u>19,887</u>	<u>0</u>
Net Change in Fund Balances	<u>(949,882)</u>	<u>(949,882)</u>	<u>(583,059)</u>	<u>366,823</u>
Fund Balances - Beginning of Period	<u>5,077,853</u>	<u>5,077,853</u>	<u>5,077,853</u>	<u>0</u>
Fund Balances - End of Period	<u>\$ 4,127,971</u>	<u>4,127,971</u>	<u>4,494,794</u>	<u>366,823</u>

The accompanying notes are an integral part of these financial statements.

Continued from Prior Page

**CITY OF FORT LAUDERDALE, FLORIDA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2002**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS					GOVERNMENTAL
	MAJOR FUNDS					ACTIVITIES
	WATER AND SEWER	SANITATION	PARKING SYSTEM	NONMAJOR FUNDS	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
<b>ASSETS</b>						
Current Assets						
Cash and Cash Equivalents	\$ 72,816,368	3,536,775	7,830,281	21,644,827	105,828,251	21,791,412
Receivables						
Accounts	3,970,868	912,563	0	774,400	5,657,831	10,484
Unbilled Service	2,564,083	543,692	0	0	3,107,775	0
Assessments	2,205,145	0	0	383,638	2,588,783	0
Due from Other Funds	161,562	0	0	0	161,562	0
Due from Other Governments	86,612	0	0	1,616,401	1,703,013	0
Inventories	674,204	0	0	0	674,204	358,453
Total Current Assets	82,478,842	4,993,030	7,830,281	24,419,266	119,721,419	22,160,349
Noncurrent Assets						
Restricted Assets						
Cash and Cash Equivalents	8,184,373	729,440	18,845	1,359,186	10,291,844	17,383
Investments	0	486,439	0	0	486,439	0
Capital Assets (Net of Accumulated Depreciation)	296,022,660	1,976,749	22,343,710	23,882,700	344,225,819	19,484,266
Investment in Joint Venture	0	0	1,197,349	0	1,197,349	0
Deferred Debt Issuance Costs	0	87,894	0	0	87,894	0
Deposits	0	0	0	0	0	150,000
Total Noncurrent Assets	304,207,033	3,280,522	23,559,904	25,241,886	356,289,345	19,651,649
Total Assets	386,685,875	8,273,552	31,390,185	49,661,152	476,010,764	41,811,998
<b>LIABILITIES</b>						
Current Liabilities						
Vouchers Payable	3,797,655	779,638	114,317	393,810	5,085,420	990,454
Contracts Payable	490,752	0	5,354	179,784	675,890	0
Accrued Payroll	571,506	121,438	87,640	57,948	838,532	60,502
Due to Other Governments	0	0	27,995	0	27,995	0
Current Portion of Long-Term Debt	723,815	372,530	1,107,295	75,365	2,279,005	9,190,368
Payable from Restricted Assets						
Accrued Interest	0	22,072	15,377	0	37,449	17,383
Deposits	3,248,221	707,368	0	0	3,955,589	0
Total Current Liabilities	8,831,949	2,003,046	1,357,978	706,907	12,899,880	10,258,707
Noncurrent Liabilities						
Deposits	672,988	0	15,627	0	688,615	0
Deferred Revenue	2,105,339	0	77,930	484,307	2,667,576	0
Long-Term Debt	2,206,961	10,047,278	2,362,191	225,090	14,841,520	18,046,209
Total Noncurrent Liabilities	4,985,288	10,047,278	2,455,748	709,397	18,197,711	18,046,209
Total Liabilities	13,817,237	12,050,324	3,813,726	1,416,304	31,097,591	28,304,916
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	296,022,660	1,976,749	19,034,458	23,882,700	340,916,567	14,421,040
Restricted for						
Replacement and Improvement	1,148,568	0	3,468	0	1,152,036	0
Capital Improvements	3,787,584	486,439	0	1,359,186	5,633,209	0
Unrestricted	71,909,826	(6,239,960)	8,538,533	23,002,962	97,211,361	(913,958)
Total Net Assets	\$ 372,868,638	(3,776,772)	27,576,459	48,244,848	444,913,173	13,507,082

The accompanying notes are an integral part of these financial statements

**CITY OF FORT LAUDERDALE, FLORIDA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS				GOVERNMENTAL	
	MAJOR FUNDS				ACTIVITIES	
	WATER AND SEWER	SANITATION	PARKING SYSTEM	NONMAJOR FUNDS	INTERNAL SERVICE FUNDS	
OPERATING REVENUES						
Charges for Services	\$ 62,579,893	13,973,665	5,550,079	4,839,564	86,943,201	42,298,050
Equity in Earnings of Joint Venture	0	0	68,276	0	68,276	0
Private Collectors Operating Fees	0	3,541,005	0	0	3,541,005	0
Parking Citations	0	0	2,036,692	0	2,036,692	0
Land Leases	0	0	0	2,938,349	2,938,349	0
Other	2,538,606	1,556,270	6,470	7,739	4,109,085	3,131,937
Total Operating Revenues	65,118,499	19,070,940	7,661,517	7,785,652	99,636,608	45,429,987
OPERATING EXPENSES						
Personal Services	22,022,001	4,281,341	3,146,724	2,286,692	31,736,758	2,147,551
Current Expenses	28,240,493	14,520,970	2,769,712	4,444,492	49,975,667	45,371,815
Depreciation	8,587,987	126,242	1,044,269	893,527	10,652,025	7,399,682
Total Operating Expenses	58,850,481	18,928,553	6,960,705	7,624,711	92,364,450	54,919,048
Operating Income (Loss)	6,268,018	142,387	700,812	160,941	7,272,158	(9,489,061)
NON-OPERATING REVENUES (EXPENSES)						
Revenues						
Interest	3,092,006	214,537	281,524	852,655	4,440,722	632,449
Change in Estimated Landfill Closure Costs	0	540,141	0	0	540,141	0
Other	91,366	27,500	0	309,729	428,595	899,273
Total	3,183,372	782,178	281,524	1,162,384	5,409,458	1,531,722
Expenses						
Interest and Fiscal Charges	128,817	274,213	266,126	0	669,156	230,158
Less Interest Capitalized	0	0	(33,963)	0	(33,963)	0
Other	2,027	1,277	0	835	4,139	0
Total	130,844	275,490	232,163	835	639,332	230,158
Total Non-Operating Revenues (Expenses)	3,052,528	506,688	49,361	1,161,549	4,770,126	1,301,564
Income (Loss) Before Contributions and Transfers	9,320,546	649,075	750,173	1,322,490	12,042,284	(8,187,497)
Capital Contributions, Net	1,918,263	(17,850)	(76,526)	4,226,468	6,050,355	2,487,746
Transfers In	236,493	0	127,128	0	363,621	279,711
Transfers Out	(1,800,000)	0	(606,445)	0	(2,406,445)	(106,548)
Change In Net Assets	9,675,302	631,225	194,330	5,548,958	16,049,815	(5,526,588)
Net Assets - Beginning of Period	363,193,336	(4,407,997)	27,382,129	42,695,890	428,863,358	19,033,670
Net Assets - End of Period	\$ 372,868,638	(3,776,772)	27,576,459	48,244,848	444,913,173	13,507,082

The accompanying notes are an integral part of these financial statements

**CITY OF FORT LAUDERDALE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
	MAJOR FUNDS				TOTAL ENTERPRISE FUNDS	
	WATER AND SEWER	SANITATION	PARKING SYSTEM	NONMAJOR FUNDS		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from Customers	\$ 62,050,155	19,170,784	7,168,090	7,312,058	95,701,087	0
Receipts from Other Funds	2,435,299	0	0	375,519	2,810,818	44,163,844
Other Operating Receipts	0	0	0	0	0	1,270,780
Payments to Suppliers	(17,740,678)	(11,015,918)	(1,024,251)	(2,137,870)	(31,918,717)	(41,247,882)
Payments for Services of Employees	(22,036,897)	(4,347,174)	(3,123,845)	(2,257,805)	(31,765,721)	(2,127,295)
Payments to Other Funds	(11,051,507)	(3,601,184)	(1,686,211)	(2,516,982)	(18,855,884)	(614,837)
Net Cash Provided by Operating Activities	<u>13,656,372</u>	<u>206,508</u>	<u>1,333,783</u>	<u>774,920</u>	<u>15,971,583</u>	<u>1,444,610</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Repayment of Loans to Other Funds	1,337,491	0	0	0	1,337,491	0
Operating Grant Receipts	91,366	31,130	0	309,729	432,225	0
Transfers from Other Funds	236,493	0	127,128	0	363,621	279,711
Loans to Other Funds	(161,562)	0	0	0	(161,562)	0
Transfers to Other Funds	(1,800,000)	0	(606,445)	0	(2,406,445)	(106,548)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(296,212)</u>	<u>31,130</u>	<u>(479,317)</u>	<u>309,729</u>	<u>(434,670)</u>	<u>173,163</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from Disposal of Capital Assets	0	0	0	0	0	908,271
Capital Contributions	2,305,736	(17,850)	(76,526)	3,109,392	5,320,752	2,487,746
Investment in Joint Venture	0	0	110,182	0	110,182	0
Acquisition and Construction of Capital Assets	(23,618,730)	14,463	(554,488)	(5,492,514)	(29,651,269)	(8,474,811)
Retirement of Debt	0	(270,000)	(1,025,000)	0	(1,295,000)	(12,832)
Interest Paid on Debt	(128,817)	(275,355)	(241,466)	0	(645,638)	(230,323)
Net Cash Used by Capital and Related Financing Activities	<u>(21,441,811)</u>	<u>(548,742)</u>	<u>(1,787,298)</u>	<u>(2,383,122)</u>	<u>(26,160,973)</u>	<u>(5,321,949)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from Sales and Maturities of Investments	0	147,605	0	0	147,605	0
Interest and Dividends on Investments	3,092,006	214,537	281,524	852,655	4,440,722	632,449
Net Cash Provided by Investing Activities	<u>3,092,006</u>	<u>362,142</u>	<u>281,524</u>	<u>852,655</u>	<u>4,588,327</u>	<u>632,449</u>
Net Increase (Decrease) In Cash And Cash Equivalents	(4,989,645)	51,038	(651,308)	(445,818)	(6,035,733)	(3,071,727)
Cash And Cash Equivalents - Beginning of Period	<u>85,990,386</u>	<u>4,215,177</u>	<u>8,500,434</u>	<u>23,449,831</u>	<u>122,155,828</u>	<u>24,880,522</u>
Cash And Cash Equivalents - End of Period	<u>\$ 81,000,741</u>	<u>4,266,215</u>	<u>7,849,126</u>	<u>23,004,013</u>	<u>116,120,095</u>	<u>21,808,795</u>

The accompanying notes are an integral part of these financial statements

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**CITY OF FORT LAUDERDALE, FLORIDA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS					GOVERNMENTAL
	MAJOR FUNDS				TOTAL ENTERPRISE FUNDS	ACTIVITIES
	WATER AND SEWER	SANITATION	PARKING SYSTEM	NONMAJOR FUNDS		INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
OPERATING INCOME (LOSS)	\$ 6,268,018	142,387	700,812	160,941	7,272,158	(9,489,061)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Depreciation	8,587,987	126,242	1,044,269	893,527	10,652,025	7,399,682
Equity in Earnings of Joint Venture	0	0	(68,276)	0	(68,276)	0
Decrease in Estimated Landfill Closure Costs	0	540,141	0	0	540,141	0
Changes in Assets and Liabilities						
(Increase) Decrease in Receivables:						
Accounts	352,833	112,360	0	(64,902)	400,291	2,865
Unbilled Service	(775,538)	(60,657)	0	0	(836,195)	0
(Increase) Decrease in Inventories	(62,068)	0	0	0	(62,068)	4,840
(Increase) Decrease in Deferred Debt Issue Costs	0	12,155	0	0	12,155	0
Increase (Decrease) in Vouchers Payable	(489,624)	51,572	65,574	(210,360)	(582,838)	(417,201)
Increase in Accrued Payroll	84,890	15,097	17,413	6,958	124,358	3,547
Increase in Due to Other Governments	0	0	(6,324)	0	(6,324)	0
Increase in Estimated Insurance Claims Payable	0	0	0	0	0	3,928,192
Increase in Deposits Payable from Restricted Assets	94,911	48,141	0	0	143,052	0
Increase (Decrease) in Compensated Absences and Longevity	(99,786)	(80,930)	5,466	21,929	(153,321)	16,709
Increase (Decrease) in Deposits	(14,560)	0	909	(1,155)	(14,806)	(4,963)
Increase in Deferred Revenue	(290,691)	0	(426,060)	(32,018)	(748,769)	0
Decrease in Estimated Landfill Closure Costs	0	(700,000)	0	0	(700,000)	0
Total Adjustments	7,388,354	64,121	632,971	613,979	8,699,425	10,933,671
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 13,656,372	206,508	1,333,783	774,920	15,971,583	1,444,610

**CITY OF FORT LAUDERDALE, FLORIDA**

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

SEPTEMBER 30, 2002

	PENSION TRUST		AGENCY	
	GENERAL EMPLOYEES	POLICE AND FIRE	ARTS AND SCIENCE DISTRICT GARAGE	
				TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 0	1,915	151,638	153,553
Investments, at Fair Value				
U.S. Treasury Securities	15,085,080	30,601,376	0	45,686,456
U.S. Government Agency Securities	20,250,466	0	0	20,250,466
Corporate Obligations	37,088,102	27,159,747	0	64,247,849
Other Bonds	0	1,824,325	0	1,824,325
Bond Index Funds	0	98,978,793	0	98,978,793
Money Market Mutual Funds	8,021,291	51,802,001	0	59,823,292
Common Stock	144,433,174	102,544,478	0	246,977,652
Stock Funds	0	9,825,494	0	9,825,494
Real Estate	882,310	0	0	882,310
Total Investments	225,760,423	322,736,214	0	548,496,637
Receivables				
Accounts	331,109	1,656,020	0	1,987,129
Accrued Dividends and Interest	1,302,391	784,505	0	2,086,896
Capital Assets (Net of Accumulated Depreciation)	4,191	5,576	0	9,767
Deposits	2,175	0	0	2,175
Total Assets	227,400,289	325,184,230	151,638	552,736,157
<b>LIABILITIES</b>				
Vouchers Payable	1,824,698	1,274,499	1,202	3,100,399
Accrued Payroll	5,835	5,734	4,000	15,569
Due to Other Funds	15,714	145,848	0	161,562
Due to Other Governments	0	0	146,436	146,436
Total Liabilities	1,846,247	1,426,081	151,638	3,423,966
<b>NET ASSETS</b>				
Held in Trust for Pension Benefits	\$ 225,554,042	323,758,149	0	549,312,191

The accompanying notes are an integral part of these financial statements.



**CITY OF FORT LAUDERDALE, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**PENSION TRUST FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2002**

	<u>GENERAL EMPLOYEES</u>	<u>POLICE AND FIRE</u>	<u>TOTAL</u>
<b>ADDITIONS</b>			
Contributions			
City	\$ 5,202,884	5,481,000	10,683,884
Employee	3,550,191	3,088,297	6,638,488
State	0	3,344,323	3,344,323
County	66,320	0	66,320
Total	<u>8,819,395</u>	<u>11,913,620</u>	<u>20,733,015</u>
Investment Income (Loss)			
Interest	5,448,146	3,702,453	9,150,599
Dividends	1,740,762	2,188,878	3,929,640
Net Depreciation in Fair Value of Investments	(24,662,415)	(29,207,710)	(53,870,125)
Other	(1,732)	0	(1,732)
Total	<u>(17,475,239)</u>	<u>(23,316,379)</u>	<u>(40,791,618)</u>
Investment Expense	704,226	819,142	1,523,368
Net Investment Loss	<u>(18,179,465)</u>	<u>(24,135,521)</u>	<u>(42,314,986)</u>
Other Income	<u>93,940</u>	<u>35,345</u>	<u>129,285</u>
Transfer from General Employees Fund	<u>0</u>	<u>115,800</u>	<u>115,800</u>
Total Additions (Deductions) Net	<u>(9,266,130)</u>	<u>(12,070,756)</u>	<u>(21,336,886)</u>
<b>DEDUCTIONS</b>			
Benefits Paid			
Retirement	14,836,911	21,442,890	36,279,801
Disability	559,548	344,208	903,756
Death	660,070	236,917	896,987
Total	<u>16,056,529</u>	<u>22,024,015</u>	<u>38,080,544</u>
Refunds			
Employee Contributions	337,845	110,022	447,867
Interest on Contributions	34,527	6,916	41,443
Total	<u>372,372</u>	<u>116,938</u>	<u>489,310</u>
Administrative Costs	<u>334,349</u>	<u>447,516</u>	<u>781,865</u>
Transfer to Police and Fire Fund	<u>115,800</u>	<u>0</u>	<u>115,800</u>
Total Deductions	<u>16,879,050</u>	<u>22,588,469</u>	<u>39,467,519</u>
Change In Net Assets	(26,145,180)	(34,659,225)	(60,804,405)
Net Assets - Beginning of Period - As Restated	<u>251,699,222</u>	<u>358,417,374</u>	<u>610,116,596</u>
Net Assets - End of Period	<u>\$ 225,554,042</u>	<u>323,758,149</u>	<u>549,312,191</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF FORT LAUDERDALE, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

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**CITY OF FORT LAUDERDALE, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the City of Fort Lauderdale, Florida (the City) have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) applicable to governmental units. The following is a summary of the more significant accounting policies of the City:

**(A) The Financial Reporting Entity**

The City was incorporated in 1911, covers an area of approximately 33 square miles and is the county seat of Broward County, Florida. The City is governed by an elected five member commission composed of a Mayor and four District Commissioners and provides services to its approximately 167,800 residents in many areas, including law enforcement, community enrichment and development and various human services. As required by GAAP, these financial statements present the City of Fort Lauderdale (the primary government) and its component units. The component units discussed in note 1(B) below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.

**(B) Individual Component Unit Disclosure**

The criteria for including component units consists of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

The Fort Lauderdale Community Redevelopment Agency (CRA) is governed by a five member board appointed by the City Commission (currently composed of the City Commission, itself). Although it is legally separate from the City, the CRA is reported as part of the primary government because its sole purpose is to finance and redevelop the City's designated redevelopment areas. The CRA is reported within the special revenue fund type using the blended method. Separate financial information for the CRA can be obtained from the City's Community and Economic Development department.

The Sunrise Key Safe Neighborhood Improvement District (SK) is governed by a seven member board appointed by the City Commission. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for SK. The City Commission has the power to approve, disapprove or modify the budget and millage rates or assessments submitted by the board. Separate financial information can be obtained from SK.

**(C) Related Organizations**

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not significantly

**CITY OF FORT LAUDERDALE, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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extend beyond making the appointments. The City Commission appoints the governing board of the City of Fort Lauderdale Downtown Development Authority (DDA) and the Housing Authority of the City of Fort Lauderdale (HA). The City is not financially accountable for either the DDA or HA.

(D) Joint Ventures

The City is a participant with the Performing Arts Center Authority (PACA) and the DDA in a joint venture to own and operate the 950 space Arts and Science District Parking Garage. The City has an ongoing financial interest in this joint venture which is discussed in note 8.

(E) Government-wide and Fund Financial Statements

The government-wide financial statements, including the *statement of net assets* and the *statement of activities*, report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from the statements. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely extensively on fees and charges for support. Likewise, the City's primary government is reported separately from its legally separate component unit for which the City is financially accountable.

The *statement of activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

(F) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual, i.e., measurable and available to finance the City's operations. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the related

**CITY OF FORT LAUDERDALE, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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fund liabilities are incurred, if measurable, except for interest on long-term debt and the long-term portion of accumulated compensated absences and longevity pay, which are recognized when due.

Property taxes are recorded as revenues in the fiscal year levied, provided they are collected in the current period or within sixty days thereafter. Those remaining uncollected are recorded as deferred revenues. The major utility and franchise taxes are recorded as revenues when earned. Licenses and permits, fines and forfeitures, charges for services, and other revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment income is recorded as revenue when earned. Special assessments are recorded as revenues only to the extent that individual installments are considered available.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if susceptible to accrual.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in a separate fund.

The Intergovernmental Revenue Fund accounts for the proceeds from federal, state and local grants that are restricted to expenditure for specific current operating purposes or for the acquisition of capital assets.

The General Capital Projects Fund accounts for the acquisition or construction of major capital facilities other than those financed by the issuance of long-term debt.

The City reports the following major proprietary funds:

The Water and Sewer Fund accounts for the provision of water and sewer services to the residents of the City and surrounding areas.

The Sanitation Fund accounts for the provision of solid waste disposal services to City residents.

The Parking System Fund accounts for the operations of various parking facilities, lots and on-street meters throughout the City.

Additionally the City reports the following fund types:

Internal service funds account for the financing of goods and services provided to departments within the City in the following three areas: 1) costs of insuring the City in

**CITY OF FORT LAUDERDALE, FLORIDA**  
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the areas of general liability, auto liability, workers' compensation, police professional liability, employee relations and medical benefits; 2) communications, printing and central stores operations; and 3) operation of a maintenance facility for City vehicles.

Pension trust funds account for the activities of the General Employees' Retirement System and the Police and Firefighters Retirement System which accumulate resources for pension benefit payments to qualifying City employees.

The Arts and Science District Garage Fund accounts for the operation by the City of the District's parking garage.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments have the option of following subsequent private-sector guidance for business activities and proprietary funds subject to this same limitation. The City has chosen not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and charges between the City's enterprise funds and the General Fund as well as cost reimbursement transactions between the enterprise funds and various other functions of City government. Elimination of these charges would distort the direct costs and program revenues reported for those sectors.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer, Sanitation and Parking System funds and all the internal service funds are charges to customers for sales and services. The Sanitation fund also collects operating fees from private collectors and the Parking System fund collects fines for parking citations. The City Insurance fund bills the other funds to cover insurance premiums and claims. Operating expenses for the enterprise and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of the basic financial statements in conformity with GAAP requires management to make use of estimates that affect reported amounts in the basic financial statements. Actual results could differ from estimates.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**(G) Assets, Liabilities and Net Assets or Equity**

**(1) Cash and Cash Equivalents**

The City considers cash on hand, cash with fiscal agents, demand deposits, certificates of deposit and bank repurchase agreements as cash and cash equivalents. In addition,

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**NOTES TO THE FINANCIAL STATEMENTS**  
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each fund's equity in the City's investment pool has been treated as a cash equivalent since cash may be deposited or withdrawn from the pool at any time without prior notice or penalty.

**(2) Investments**

Investments are stated at fair value. Income from investments held by the individual funds is recorded in the respective fund as it is earned. All other investments owned by the City are accounted for in the City's investment pool. Income earned from this pool is allocated to the respective funds based upon average monthly equity balances.

**(3) Receivables and Payables**

Activity between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year of a short-term nature and any other outstanding balances between funds are reported as due to and due from other funds. The long-term portion of any borrowings between funds is reported as advances to and from other funds. Long-term advances of the governmental funds are recorded by the advancing fund as a receivable and a reservation of fund balance. Repayments reduce the corresponding receivable and the reserve. Any residual outstanding balances between the governmental activities and business-type activities at year end are reported in the government-wide financial statements as internal balances.

All accounts and notes receivable are reported net of any allowances for uncollectibles.

**(4) Inventories**

Inventories in the governmental funds are composed of land held for redevelopment or resale and are stated at cost. Inventories of materials and supplies in the enterprise and internal service funds are based on year end physical counts priced at weighted average cost. Inventories are recognized as expenditures or expenses when consumed.

**(5) Restricted Assets**

Certain proceeds of long-term bonds issued by the capital project, enterprise and internal service funds, as well as resources set aside for their repayment, are classified as restricted assets on the statement of net assets and their use is limited by applicable bond covenants.

**(6) Capital Assets**

Capital assets, including land, buildings, improvements other than buildings, infrastructure (i.e., roads, bridges, street lighting and other similar items) and equipment are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of \$500 or more and an estimated useful life of more than one year. Such assets are stated at cost or estimated historical cost. Contributions or donations of capital assets received from Federal, state or local sources are recorded as contributions when received and are stated at estimated fair value. Additions,

**CITY OF FORT LAUDERDALE, FLORIDA**  
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improvements and expenditures that significantly extend the useful life of an asset are capitalized. Interest is capitalized on projects during the construction period based upon average accumulated project expenditures.

Depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40-50 years
Improvements	20-50 years
Infrastructure	15-50 years
Equipment	3-15 years

**(7) Employee Compensated Absences and Longevity**

City employees are granted sick, vacation and longevity pay in varying amounts based on length of service. Compensatory time is granted to employees in lieu of overtime pay at the employee's request. Sick leave payments to terminated employees are based on length of service. Unused vacation pay and compensatory time are paid upon an employee's termination. Longevity pay is paid to eligible employees annually based on length of service. Accumulated compensated absences and longevity are recorded as expenses in the government-wide and proprietary fund financial statements when earned. Expenditures for accumulated compensated absences and longevity have been recorded in the governmental funds to the extent that such amounts will be paid from expendable available resources.

**(8) Estimated Insurance Claims Payable**

The City is self-insured for general liability, automobile liability, police professional liability, workers' compensation, employee relations and certain death benefits and medical plans. The operating funds are charged premiums by the City insurance internal service fund. The accrued liability for estimated claims represents an estimate of the eventual loss on claims arising prior to year end including claims incurred and not yet reported.

**(9) Landfill Closure Costs**

Landfill closure and postclosure care costs represent an estimate of the City's share of total current costs to close and monitor the City's landfill. The landfill is accounted for in the Sanitation enterprise fund.

**(10) Other Long-term Obligations**

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities and proprietary fund financial statements. Bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premiums and discounts. Issuance costs are reported as deferred charges.



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**NOTES TO THE FINANCIAL STATEMENTS**  
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In the governmental fund financial statements, bond premiums, discounts and issuance costs are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

(11) Fund Equity

In the governmental fund financial statements, reservations of fund balances are reported to indicate that portion of fund balance that is legally segregated for specific purposes.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

(H) Accounting Changes

(1) Change in Accounting Principle

Effective October 1, 2001 the City adopted the new financial reporting requirements of GASB Statement No. 34, "Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments". As a result, beginning net assets for governmental activities has been restated to reflect the following changes:

Total fund balances – governmental funds, September 30, 2001, as previously reported	\$ 90,281,155
Capital Assets, Net of Accumulated Depreciation	154,779,367
Long-term Liabilities	(114,714,253)
Internal Service Funds	<u>19,033,670</u>
Total net assets – governmental activities, September 30, 2001, as restated	\$ <u>149,379,939</u>

Infrastructure assets acquired or constructed in the current year have been included in the statement of net assets. Infrastructure assets acquired in prior years will be included retroactively within the next two reporting periods.

(2) Prior Period Adjustment

During the current year it was determined that certain money market mutual funds, with a fair value of \$50,797,710 as of September 30, 2001, held by the Police and Fire Pension Trust Fund were incorrectly stated at adjusted cost in the amount of \$56,872,550. To correct this error, beginning net assets of the Police and Fire Pension Trust Fund of \$364,492,214, as originally reported, has been reduced by \$6,074,840 to \$358,417,374.

**CITY OF FORT LAUDERDALE, FLORIDA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**

**(2) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

- (A) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds. The details of this \$110,664,686 difference are as follows:

Bonds payable	\$ 70,255,000
Notes payable	11,785,000
Capital lease obligations	1,444,351
Compensated absences and longevity pay	22,135,076
Accrued interest payable	665,225
Elimination of investment in special assessment loan	<u>4,380,034</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 110,664,686</u>

- (B) Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances – total governmental funds and changes in net assets – governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$4,250,152 difference are as follows:

Capital outlay	\$ 12,373,397
Depreciation expense	<u>( 8,123,245)</u>
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets – governmental activities	<u>\$ 4,250,152</u>

Another element of that reconciliation states that the net effect of various miscellaneous transactions involving capital assets is to decrease net assets. In the statement of activities only the gain on the sales of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the capital assets sold of \$(1,844,642).

Another element of that reconciliation states that the issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither

**CITY OF FORT LAUDERDALE, FLORIDA**  
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transaction, however, has any effect on net assets. The details of this \$5,587,931 difference are as follows:

Principal repayments	
Bonds payable	\$ 6,945,000
Notes payable	1,965,000
Capital lease obligations	31,258
Debt issued	
Capital lease proceeds	( <u>3,353,327</u> )
Net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in net assets – governmental activities	\$ <u>5,587,931</u>

Another element of the reconciliation states that some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details of this \$(1,538,364) difference are as follows:

Accrued interest payable	\$ 59,022
Compensated absences and longevity pay	( <u>1,597,386</u> )
Net adjustment to decrease net changes in fund balance – total governmental funds to arrive at changes in net assets – governmental activities	\$ ( <u>1,538,364</u> )

**(3) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**(A) Budgetary Data**

The City Commission follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to August 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) Public hearings are conducted.
- (3) Prior to October 1, the budget is legally enacted.
- (4) The level of control (level at which expenditures may not exceed budget) is the department. The City Manager is authorized to transfer budgeted amounts within departments of any fund. Any revisions that alter the total expenditures of any department must be approved by the City Commission. Unencumbered balances of appropriations lapse at year end.
- (5) Annual budgets are adopted for all governmental and proprietary funds except the Law Enforcement Confiscated Property Special Revenue Fund and the capital project funds. The budgets have been adopted on a basis consistent with GAAP with the following exceptions: Advances from other funds are presented as revenues, and encumbrances, advances to other funds and principal on the proprietary funds' long-term debt are presented as expenditures or expenses.

The reported budgetary data represents the final approved budget after amendments adopted by the City Commission with one exception. Budgets for grants and shared revenues from other governmental units which do not lapse at year end are only reported to

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the extent of revenues recognized and expenditures incurred for the current year. Individual amendments were not material in relation to the original adopted budget.

**(B) Comparison of Budget to Actual Results**

As discussed above certain adjustments are necessary to compare actual data on a GAAP versus budget basis. Adjustments necessary to compare the fund balances of the General Fund at year end follow:

Statement of revenues, expenditures and	
Changes in fund balances – page 15	\$ 7,353,990
Basis of accounting adjustments	
Encumbrances	<u>(3,190,726)</u>
Statement of revenues, expenditures and	
Changes in fund balances – budget and actual – page 19	\$ <u>4,163,264</u>

**(C) Excess of Expenditures over Appropriations**

The General Fund Parks and Recreation department had an excess of actual expenditures over budget for the year of \$292,927. In addition, the Insurance department of the City Insurance internal service fund had actual expenses of \$16,144,821 in excess of budget.

**(D) Deficit Fund Equity**

The Sanitation enterprise fund has a net assets deficit of \$3,776,772 that resulted from its estimated landfill closure liability of \$4,800,000. This liability includes \$4.5 million in post closure care costs being amortized over a period of 30 years. The City Insurance internal service fund has a net assets deficit of \$15,090,195 resulting from a combination of escalating insurance costs, greater than expected utilization of the City's self-insured health program implemented in September, 2000, and claims experience in workers' compensation and general liability exposures. This deficit is being amortized over a five year period through a combination of benefit design changes and increased premiums. Approximately 70% of the premiums for the City Insurance Fund are allocated to the General Fund. The General Fund's unreserved fund balance at September 30, 2002 is \$4,027,926.

In addition, the Florida Intergovernmental Construction 2002, the Tax Increment Construction 2003 and the Sunshine State Construction 1996 capital projects funds have fund balance deficits of \$17,742, \$272,511 and \$36,963, respectively. The deficits are the result of preliminary work on construction projects in advance of the issuance of debt financing that will be received in 2003. In each case, reimbursement resolutions were approved by the City Commission to permit the reimbursement of these costs from debt proceeds.

**(4) CASH AND CASH EQUIVALENTS AND INVESTMENTS:**

The City maintains a common cash and investment pool for use by all funds. In addition, cash and investments are separately held by the City's special revenue, debt service, capital projects, enterprise and trust funds.

**Cash and Cash Equivalents**

At September 30, 2002 the carrying amount of the City's deposits was \$13,308,793 with a bank balance of \$12,332,557. Of the bank balance, \$283,743 was covered by Federal depository

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insurance or by collateral held by the City's agent in the City's name and \$12,048,814 was insured via participation by the bank in the Florida Security for Public Deposits Act. Included in the carrying amount of deposits was \$23,888 cash on hand.

Investments

In accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", all investments are reported at fair value. Florida Statutes and City Ordinances authorize City officials to invest pooled funds in United States and corporate bonds and obligations, guaranteed United States agency issues, Florida state, county, municipal, school district and other political subdivision general, excise and revenue obligations, the Florida State Investment Pool, the Florida Municipal Investment Trust, Florida bank certificates of deposit, bankers acceptances, repurchase agreements, reverse repurchase agreements and prime commercial paper issues. In addition, the trust funds are authorized to invest in corporate bonds and stocks, money market funds, real estate and mortgages and notes.

The City's investments are categorized by type to give an indication of the level of credit risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the City's counterparty, or by its trust department or agent, but not in the City's name.

Open market securities and mutual fund fair values were determined using the quoted market values on the exchange in which the securities are traded. The value of the City's investment in the Florida State Investment Pool, which is not Securities and Exchange Commission (SEC) registered but which qualifies as an SEC 2a7-like pool, is the same as the pool's share price. This local government surplus fund investment pool is administered by the Florida State Board of Administration, an agency of the State of Florida, with regulatory oversight exercised by the State. Likewise, the Florida Municipal Investment Trust, a local government investment trust administered by the Florida League of Cities, is not SEC registered, but qualifies as an SEC 2a7-like pool. The value of the City's investment in the trust is based upon changes in market value of the underlying securities. The City's real estate holding is comprised of its share in a real estate investment trust. The value of the trust property portfolio is based upon its most recent appraised value. The fair value and category of credit risk of the City's investments at September 30, 2002 follow:

	<u>Category</u> <u>1</u>	<u>Fair</u> <u>Value</u>
U.S. Treasury Securities	\$ 72,763,992	72,763,992
U.S. Government Agency Securities	70,352,420	70,352,420
Commercial Paper	3,669,375	3,669,375
Corporate Obligations	171,768,526	171,768,526
Preferred Stock	9,825,494	9,825,494
Common Stock	<u>249,419,856</u>	<u>249,419,856</u>
	\$ <u>577,799,663</u>	577,799,663
Money Market Mutual Funds		63,137,756
Florida State Investment Pool		88,388,358
Florida Municipal Investment Trust		14,700,240
Real Estate Investments		<u>882,310</u>
		\$ <u>744,908,327</u>

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As of September 30, 2002 the Florida State Investment Pool (Pool) contained certain floating and variable rate notes, which could be classified as "derivative" investments under GASB Technical Bulletin No. 94-1. Derivatives are generally defined as contracts whose value depends on, or derives from, the value of an underlying asset, reference rate or index. During the year all floating and variable rate notes owned by the Pool were index based floaters derived from the fixed prime rate and/or one and three month London Inter-Bank Offered Rates. As of September 30, 2002 the Pool's investment in this type of instrument represented approximately 0.70% of the total Pool investments.

Interest receivable on the City's investment pool amounted to \$1,116,172 at September 30, 2002.

**(5) PROPERTY TAXES:**

The City's property tax is levied, becomes a lien on real and personal property located in the City and is recorded as a receivable on November 1 of each year based upon the assessed value listed as of the prior January 1. Assessed values are established by the Broward County Property Appraiser. The assessed value at January 1, 2001, upon which the 2001-02 levy was based, was approximately \$14.5 billion.

The City is permitted by state law to levy taxes up to 10 mills of assessed valuation for General Fund operations exclusive of voted debt levies. Taxes levied for the General Fund for the 2001-02 fiscal year were 4.8762 mills for operations and 0.4968 for debt service.

All taxes are due from property holders on March 31, become delinquent on April 1 and become subject to the issuance of tax sale certificates on June 1. Current tax collections for the year ended September 30, 2002 were approximately 99.5% of the total tax levy.

**(6) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:**

Individual interfund receivable and payable balances at September 30, 2002 follow:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Sunshine State Construction Fund 1996	\$ 22,160	0
Capital Projects Funds:		
General Capital Projects Fund	476,084	0
Excise Tax Construction Fund 1998C	0	23,369
Florida Intergovernmental Construction Fund 2002	0	4,252
Tax Increment Construction Fund 2003	0	202,084
Sunshine State Construction Fund 1996	23,369	291,908
Enterprise Funds:		
Water and Sewer	161,562	0
Trust Funds:		
General Employees' Pension	0	15,714
Police and Fire Pension	0	145,848
	<u>\$ 683,175</u>	<u>683,175</u>

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The composition of interfund transfers for the year ended September 30, 2002 is as follows:

		Transfers In					
		Special Revenue Funds			Debt Service Funds		
		Inter- govern- mental Revenue	Community Redevelop- ment Agency	Excise Tax Bonds	Tax Increment Revenue Bonds	General Obligation Bonds	Sunshine State Loans
<u>Transfers Out</u>	<u>General</u>	<u>Revenue</u>	<u>Agency</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Bonds</u>	<u>Loans</u>
General	\$ 0	193,665	473,072	2,741,695	0	6,819,448	1,014,304
Community Redevelopment Agency	0	0	0	0	606,234	0	0
Law Enforcement Confiscated Property	102,430	201,000	0	0	0	0	0
General Capital Projects	0	0	0	0	0	0	1,439,334
Tax Increment Construction 2003	0	0	77,297	0	0	0	0
Water and Sewer	0	0	0	407,990	0	0	0
Parking System	0	0	606,445	0	0	0	0
Central Services	0	3,406	0	0	0	0	103,142
	<u>102,430</u>	<u>398,071</u>	<u>1,156,814</u>	<u>3,149,685</u>	<u>606,234</u>	<u>6,819,448</u>	<u>2,556,780</u>

		Transfers In					
		Capital Projects Funds		Enterprise Funds		Internal Service Funds	
		General Obligation Construction	Excise Tax Construction	Water and Sewer	Parking System	Central Services	Vehicle Rental
<u>Transfers Out</u>	<u>Projects</u>	<u>1997</u>	<u>1998C</u>	<u>Sewer</u>	<u>System</u>	<u>Services</u>	<u>Rental</u>
General	2,697,600	150,000	0	0	127,128	29,157	250,554
Intergovernmental Revenue	0	0	0	236,493	0	0	0
General Capital Projects	0	612,218	0	0	0	0	0
Tax Increment Construction 2003	0	0	0	0	0	0	0
Sunshine State Construction 1996	0	0	40,604	0	0	0	0
Perpetual Care	12,490	0	0	0	0	0	0
Water and Sewer	1,392,010	0	0	0	0	0	0
	<u>4,102,100</u>	<u>762,218</u>	<u>40,604</u>	<u>236,493</u>	<u>127,128</u>	<u>29,157</u>	<u>250,554</u>

Total Transfers In/Out \$ 20,337,716

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**(7) CAPITAL ASSETS:**

Capital Asset activity for governmental and business-type activities for the year ended September 30, 2002 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 30,193,816	46,369	249,254	29,990,931
Work in progress	<u>9,169,672</u>	<u>9,391,608</u>	<u>6,689,175</u>	<u>11,872,105</u>
Total capital assets not being depreciated	<u>39,363,488</u>	<u>9,437,977</u>	<u>6,938,429</u>	<u>41,863,036</u>
Capital assets being depreciated				
Buildings	89,159,076	2,223,391	1,243,587	90,138,880
Improvements	58,784,649	2,243,161	77,167	60,950,643
Infrastructure	0	108,239	0	108,239
Equipment	<u>89,225,247</u>	<u>13,543,713</u>	<u>2,521,279</u>	<u>100,247,681</u>
Total capital assets being depreciated	<u>237,168,972</u>	<u>18,118,504</u>	<u>3,842,033</u>	<u>251,445,443</u>
Less accumulated depreciation for:				
Buildings	22,667,048	1,955,269	0	24,622,317
Improvements	21,242,614	2,277,070	0	23,519,684
Equipment	<u>59,425,294</u>	<u>11,290,589</u>	<u>2,218,548</u>	<u>68,497,335</u>
Total accumulated depreciation	<u>103,334,956</u>	<u>15,522,928</u>	<u>2,218,548</u>	<u>116,639,336</u>
 Total capital assets being depreciated, net	<u>133,834,016</u>	<u>2,595,576</u>	<u>1,623,485</u>	<u>134,806,107</u>
 Governmental activities capital assets, net	<u>\$ 173,197,504</u>	<u>12,033,553</u>	<u>8,561,914</u>	<u>176,669,143</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated				
Land	\$ 17,075,581	0	0	17,075,581
Work in progress	<u>11,553,917</u>	<u>29,168,683</u>	<u>25,259,455</u>	<u>15,463,145</u>
Total capital assets not being depreciated	<u>28,629,498</u>	<u>29,168,683</u>	<u>25,259,455</u>	<u>32,538,726</u>
Capital assets being depreciated				
Buildings	176,796,533	2,605,320	0	179,401,853
Improvements	256,543,663	21,242,690	0	277,786,353
Equipment	<u>27,538,310</u>	<u>1,997,475</u>	<u>21,080</u>	<u>29,514,705</u>
Total capital assets being depreciated	<u>460,878,506</u>	<u>25,845,485</u>	<u>21,080</u>	<u>486,702,911</u>
Less accumulated depreciation for:				
Buildings	62,100,735	3,535,865	0	65,636,600
Improvements	81,950,684	5,571,316	0	87,522,000
Equipment	<u>20,329,315</u>	<u>1,544,844</u>	<u>16,941</u>	<u>21,857,218</u>
Total accumulated depreciation	<u>164,380,734</u>	<u>10,652,025</u>	<u>16,941</u>	<u>175,015,818</u>
 Total capital assets being depreciated, net	<u>296,497,772</u>	<u>15,193,460</u>	<u>4,139</u>	<u>311,687,093</u>
 Business-type activities capital assets, net	<u>\$ 325,127,270</u>	<u>44,362,143</u>	<u>25,263,594</u>	<u>344,225,819</u>



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Depreciation expense was charged to the various functions of the City as follows:

Governmental activities:	
General Government	\$ 1,243,828
Public Safety	3,070,046
Physical Environment	77,087
Transportation	33,743
Economic Environment	28,371
Culture and Recreation	3,670,170
Capital assets held in the City's internal service funds are charged to general government	<u>7,399,682</u>
	<u>\$ 15,522,927</u>
Business-type activities:	
Water and Sewer	\$ 8,587,987
Sanitation	126,242
Parking system	1,044,269
Airport	642,377
Stormwater	<u>251,150</u>
	<u>\$ 10,652,025</u>

(8) INVESTMENT IN JOINT VENTURE:

The City has agreements with the PACA and the DDA for the operation of a 950 space parking garage in the Arts and Science District of the City. The City, as operating agent, has full and exclusive responsibility for operation and maintenance of the garage which is being accounted for as a joint venture in the Parking System Fund using the equity method of accounting.

The City collects all revenues and pays all operating expenses for the garage and determines the allocation to each of the participants monthly. Net income for the year was \$573,801, derived exclusively from operations. The equity interests of the City, the PACA and the DDA totaled \$1,197,349, \$1,380,012 and \$648,869, respectively at September 30, 2002. Separate financial statements for the joint venture are available from the City's Finance Department.

(9) RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City Insurance Internal Service Fund is used to account for and finance both uninsured and insured risks of loss. Coverage is provided for workers' compensation, employee practices, general liability, auto liability, police professional liability and certain medical benefits. The City purchases commercial insurance for workers' compensation claims in excess of \$300,000 for employees with statutory limits per accident. In addition, property insurance is purchased for City structures with a \$100,000 retention and total limits in force of \$245,000,000. Commercial, specific, stop-loss insurance is also purchased for medical claims in excess of \$150,000. Settled claims have never exceeded the City's retention and excess coverage in force.

All operating funds of the City participate in the program and make payments to the fund based on estimates of the amounts needed to pay prior and current claims and to provide fund equity for catastrophic losses. The estimated insurance claims payable at September 30, 2002 of

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\$21,925,316 is based on the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues" as amended by GASB Statement No. 30 "Risk Financing Omnibus", which requires that claims liabilities be based upon the estimated ultimate costs of settling the claims. The liability also includes incurred but not reported claims developed through actuarial analysis of loss history. Changes in the balance of estimated insurance claims payable for the fiscal years ended September 30, 2002 and 2001 follow:

	<u>Balance October 1</u>	<u>New Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance September 30</u>
Fiscal Year Ending in:				
2001	\$ 15,194,939	20,005,563	17,203,378	17,997,124
2002	17,997,124	29,246,000	25,317,808	21,925,316

**(10) CAPITAL LEASE OBLIGATIONS:**

In June, 2001 the City entered into a master lease agreement with SunTrust Bank as lessee for financing the acquisition of equipment on an as needed basis. The lease agreement qualifies as a capital lease for accounting purposes and, therefore has been recorded at the present value of the future lease payments as of the inception date. The capital assets acquired during the current year under this agreement follow:

<u>Equipment</u>	<u>Lease Period Years</u>	<u>Annual Payment</u>	<u>Interest Rate</u>	<u>Lease Amount</u>
Imaging system	5	\$ 75,527	3.80%	\$ 340,992
Police Vehicles	6	155,074	3.90%	822,500
Police Boats	6	81,696	3.07%	380,583
Police Boat Motors	2	70,044	3.07%	159,034
Fire SCBA Breathing Apparatus	5	128,873	3.03%	595,000
				<u>\$ 2,298,109</u>

The future (minimum) lease obligations and the net present value of the lease payments as of September 30, 2002 are as follows:

<u>Year Ending September 30</u>	
2003	\$ 680,381
2004	680,381
2005	598,685
2006	598,685
2007	476,339
2008	<u>147,581</u>
Total Lease Payment	3,182,052
Less: Amount of Interest	<u>(294,475)</u>
Present Value of Lease Payments	<u>\$ 2,887,577</u>

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**(11) LONG-TERM DEBT:**

Bonds outstanding at September 30, 2002 mature in varying amounts during succeeding fiscal years through 2018. Interest rates are as follows: 4.5% to 5.5% on general obligation bonds, 3.55% to 5.5% on excise tax bonds, 5.07% on sanitation revenue bonds and 5.7% to 6.2% on tax increment revenue bonds. The Sunshine State Financing Commission loans are variable rate instruments with the tax exempt loans averaging 3.43% and the taxable loan averaging 5.21%.

The annual requirements to pay principal and interest on the bonds, notes and loans outstanding at September 30, 2002 (in thousands) follow and include estimated amounts for interest on the variable rate Sunshine State Loans:

**Governmental activities:**

Year Ending September 30	General Obligation Bonds		Excise Tax Bonds		Tax Increment Bonds		Sunshine State Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 4,425	2,249	3,030	966	335	268	2,045	102
2004	4,600	2,045	3,155	843	355	248	2,130	107
2005	4,770	1,832	3,285	714	375	228	2,220	111
2006	5,025	1,611	3,420	576	400	206	720	36
2007	5,170	1,378	3,570	430	420	182	745	37
2008-2012	9,545	4,915	6,900	417	2,530	490	3,155	157
2013-2017	12,565	1,981	0	0	0	0	620	32
2018-2022	0	0	0	0	0	0	150	8
Total	<u>\$ 46,100</u>	<u>16,011</u>	<u>23,360</u>	<u>3,946</u>	<u>4,415</u>	<u>1,622</u>	<u>11,785</u>	<u>590</u>

**Business-type activities:**

Year Ending September 30	Excise Tax Bonds		Sanitation Revenue Bonds	
	Principal	Interest	Principal	Interest
2003	\$ 1,065	185	285	261
2004	1,120	126	300	247
2005	1,170	64	315	231
2006	0	0	335	215
2007	0	0	350	198
2008-2012	0	0	2,085	697
2013-2017	0	0	1,550	141
2018-2022	0	0	0	0
Total	<u>\$ 3,355</u>	<u>375</u>	<u>5,220</u>	<u>1,990</u>

General obligation bonds are secured by the full faith and credit of the City. The excise tax bonds are secured by a pledge of certain utility service, cigarette and franchise taxes. In addition, the City of Pompano Beach, Florida has contractually agreed to pay 39% of the debt service costs on the excise tax improvement bonds used to fund an 800 MHz public safety communications system for both cities. Tax increment revenue bonds are secured by a pledge of the net revenues of the

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City's parking system. The sanitation revenue bonds are secured by a pledge of the net revenues of the Sanitation enterprise fund. The Sunshine State Financing Commission loans are secured by a pledge of non-ad valorem tax revenues and a covenant to budget and appropriate.

In November 1985, the Sunshine State Governmental Commission (the Commission) was created. As of September 30, 2002, eleven cities and three counties were members of the Commission. Two cities participate as non-members. Under this interlocal agreement among the member governments, the Commission enables a limited number of qualifying governments to participate in pooled debt financings with pricing and cost structures not normally available to governmental entities acting individually. Loan obligations from the Commission are reflected as debt by the participating governments. The City has no obligation and minimal event risk associated with the Commission other than the repayment of its loan. Financial statements may be obtained from the Commission.

The bond resolutions of the various excise tax improvement and revenue bond issues require that sufficient funds be available to meet the largest debt service requirement in any ensuing fiscal year. The City maintains a municipal bond debt service reserve fund insurance policy to satisfy this requirement for its outstanding excise tax improvement bonds, thereby eliminating the need to set aside funds for this purpose.

The bond resolutions for the sanitation revenue bonds require the City to meet certain financial and operational covenants. The financial covenants relate to annual debt service coverage. On May 23, 2003, the City entered into an agreement with the lender waiving compliance with the annual debt service requirement.

The City has refinanced various bond issues through the issuance of refunding bonds or otherwise has defeased outstanding debt. The proceeds from the refunding issues have been deposited in irrevocable trusts at commercial banks and invested in U.S. Government securities, which together with interest earned thereon, will provide amounts sufficient for future payment of principal and interest on the issues refunded. The assets, liabilities, and financial transactions of these trust accounts are not reflected in the financial statements of the City. At September 30, 2002 total defeased debt outstanding was as follows:

Water and sewer revenue bonds, series 1993B	\$ 10,915,000
Excise tax improvement bonds, series 1992	<u>3,925,000</u>
	\$ <u>14,840,000</u>

At September 30, 2002 the City had an arbitrage rebate liability of \$363,455 on the 1998 Excise Tax Improvement Bonds. This liability is for the computation period extending from the issue date of December 17, 1998. The ultimate amount payable will be determined at the end of the bond construction period and may be greater or less than the current liability.

During 2002, the City entered into an agreement with Pine Crest Preparatory School, Inc. to issue \$30,000,000 Revenue Bonds, Series 2002 to provide a portion of the funds necessary to finance certain improvements at the Pine Crest private school facilities located in Fort Lauderdale and Boca Raton, Florida. The City has assigned its interest in the agreement to a trustee and served as a conduit issuer for the bonds. Accordingly, the City undertakes no financial responsibility with respect to the bonds and the Pine Crest facilities program.

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The following is a summary of long-term liabilities activity of the City for the fiscal year ended September 30, 2002:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 50,450,000	0	(4,350,000)	46,100,000	4,425,000
Excise Tax Bonds	26,275,000	0	(2,915,000)	23,360,000	3,030,000
Tax Increment Bonds	4,735,000	0	(320,000)	4,415,000	335,000
Sunshine State Loans	13,750,000	0	(1,965,000)	11,785,000	2,045,000
Lease Purchase Agreements	816,058	2,298,109	(226,590)	2,887,577	581,417
Estimated Insurance Claims Payable	17,997,124	3,928,192	0	21,925,316	8,195,832
Compensated Absences	<u>20,829,246</u>	<u>1,581,207</u>	<u>0</u>	<u>22,410,453</u>	<u>4,972,935</u>
Total Governmental Activities	<u>\$ 134,852,428</u>	<u>7,807,508</u>	<u>(9,776,590)</u>	<u>132,883,346</u>	<u>23,585,184</u>
Business-Type Activities:					
Excise Tax Bonds	\$ 4,380,000	0	(1,025,000)	3,355,000	1,065,000
Sanitation Revenue Bonds	5,490,000	0	(270,000)	5,220,000	285,000
Unamortized Bond Discounts	(75,106)	0	29,358	(45,748)	0
Land-fill Postclosure Costs	5,500,000	0	(700,000)	4,800,000	0
Compensated Absences	<u>3,944,594</u>	<u>0</u>	<u>(153,321)</u>	<u>3,791,273</u>	<u>929,005</u>
Total Business-Type Activities	<u>\$ 19,239,488</u>	<u>0</u>	<u>(2,118,963)</u>	<u>17,120,525</u>	<u>2,279,005</u>

**(12) ESTIMATED LANDFILL CLOSURE COSTS:**

The Wingate landfill and incinerator was an active disposal site from 1954 to 1978. In 1990, the site was designated by the Environmental Protection Agency (EPA) as a superfund site requiring the City to take remedial action. Based on the results of a 1994 Remedial Investigation and Feasibility Study, the EPA agreed to various remedies including a single layer cap in 1996 in a final Record of Decision at an estimated remediation cost of \$20,500,000 which was recognized as a liability in the Sanitation Enterprise Fund. In 1998, the City entered into an agreement with the Potentially Responsible Parties (PRPs), know as the Wingate Superfund Group, to oversee compliance with a 1998 Consent Decree between the City, the EPA and the PRP's. As a result of the agreement, the City reduced its estimated remediation liability to \$10,000,000.

The consent decree provided for payment of expenses associated with the remediation, promoted cost effective response actions, allocated management and financial responsibilities and resolved claims for cost recovery between the parties. The consent decree was validated December 28, 1999 allowing site remediation to commence. The agreement with the Wingate Superfund Group created a trust fund for collection and disbursement of funds for the remediation and limited the City's share of remediation costs to \$8,325,000, excluding ancillary costs.

As of September 30, 2002 the site is substantially remediated and the liability stands at \$4,800,000. The liability is composed of estimated final remediation costs remaining of \$300,000 and estimated post closure care costs of \$4,500,000.

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On December 21, 2001 the State of Florida Department of Environmental protection notified the City and the Wingate Superfund Group that areas adjacent to the site had dioxin levels that exceeded what they considered safe. They estimated the cost to remove these soils to be between \$700,000 and \$1,300,000 and stated that they intended to perform the work and seek recovery of the costs from the parties. The City and the other parties informed the State that the standards they were using to define what was considered safe were unrealistically low and not authorized in their rules. In late January 2002 the State began to remove the soils pursuant to their letter. The City remains opposed to this action by the State on the grounds that it is unwarranted and unnecessary and has taken the position that the State will have to bear the burden for their actions.

(13) EMPLOYEE RETIREMENT SYSTEMS:

The City's pension plans are presented in accordance with GASB Statements No. 25 "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 27 "Accounting for Pensions by State and Local Governmental Employers". The objective of these statements is to enhance the understandability and usefulness of pension information included in the financial statements of state and local governmental employers.

Defined Benefit Plans - Plan Descriptions and Funding Policies

General Employees Retirement System

The General Employees Retirement System is a single-employer defined benefit plan administered by an eight member board of trustees which covers all City employees except police and firefighters. The City's payroll for employees covered by the plan applicable to the September 30, 2001 actuarial valuation was approximately \$57,545,000. The total City payroll at that time was approximately \$119,744,000. As of the valuation date, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	966
Terminated employees entitled to benefits but not yet receiving them	38
Fully, partially and non-vested active plan participants	1,437

Under the vesting provisions of the plan, most employees are entitled to 100% of normal retirement benefits after 5 years of service beginning at age 55. Certain employees hired on or after October 1, 1983 electing reduced benefits are entitled to 100% of normal retirement benefits after 10 years of service beginning at age 65. Members who terminate prior to vesting are entitled to a refund of employee contributions plus interest at 3% per year. Members who continue in employment past normal retirement may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Plan (DROP). Each participant in the DROP has an account credited with benefits not received and investment earnings. Participation in the DROP must end no later than 36 months after normal retirement. These benefit provisions and all other requirements are established by City ordinance.

Employees contribute from 4% to 6% of their earnings to the plan. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by

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the plan's actuaries as of September 30 each year. For the current year the City's contribution rate as a percentage of annual covered payroll was 9.0%.

Police and Firefighters Retirement System

The Police and Firefighters Retirement System is a single-employer defined benefit plan administered by an eight member board of trustees which covers all police and firefighters. The City's payroll for employees covered by the plan applicable to the December 31, 2001 actuarial valuation was approximately \$44,487,000. The total City payroll at that time was approximately \$124,080,000. As of the valuation date, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits	679
Terminated employees entitled to benefits but not yet receiving them	22
Fully, partially and non-vested active plan participants	747

Under the vesting provisions of the plan, employees are entitled to 100% of normal retirement benefits after 10 years of service beginning at age 47 or 50 or after 20 years of service, regardless of age. Members who terminate prior to vesting are entitled to a refund of employee contributions plus interest at 3% per year. Members who continue in employment past the later of age 47 and completion of 20 years of service may either accrue larger pensions or freeze their accrued benefit and enter the Deferred Retirement Option Plan (DROP). Each participant in the DROP has an account credited with benefits not received and investment earnings. Participation in the DROP must end no later than 36 months after normal retirement for firefighters or 60 months for police. These benefit provisions and all other requirements are established by City ordinance.

Employees contribute from 6% to 7% of their earnings to the plan. In addition, contributions are received from the State of Florida. The City is required to contribute the remaining amounts necessary to fund the plan, based on an amount determined by the plan's actuaries as of December 31 each year. For the current year the City and State of Florida contribution rates as percentages of annual covered payroll were 12.3% and 7.5%, respectively.

Annual Pension Cost and Actuarial Methods and Assumptions

Annual Pension Cost (APC) is a measure of the periodic cost of an employer's participation in a defined benefit pension plan. The APC for the General Employees and Police and Firefighters plans for the last three fiscal years follow:

Fiscal Year Ended In:	<u>General Employees</u>		<u>Police and Firefighters</u>	
	Percent		Percent	
	<u>Amount</u>	<u>Contributed</u>	<u>Amount</u>	<u>Contributed</u>
2000	\$ 4,187,028	100%	\$ 4,841,916	100%
2001	5,002,774	100	4,441,207	100
2002	5,202,884	100	5,481,000	100

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Since the City contributed 100% of the APC in each of the years indicated, there was no net pension obligation at the end of any year for either plan.

Actuarial methods and significant actuarial assumptions used to determine the annual required contributions for the current year follow:

	<u>General Employees</u>	<u>Police and Firefighters</u>
Valuation Date	September 30, 2001	December 31, 2000
Actuarial Cost Method	Entry Age	Entry Age
Amortization Method	Level Percent Closed	Level Percent Closed
Remaining Amortization Period	22-30 Years	1-30 Years
Asset Valuation Method	Three year smoothed market	Investment earnings greater than assumed rate over 4 year
Actuarial Assumptions:		
Investment Rate of Return	7.5% Including 4% Inflation	8% Including 4.5% Inflation
Projected Salary Increases	4.0% - 6.4%	5.2% - 8.2%
Cost-of-Living Adjustments (COLA)	Ad Hoc COLA's are granted with City Commission approval if investment earnings exceeded the funding assumptions in the prior year.	A COLA, limited to the change in the CPI, is granted each year to the extent it can be funded by the net experience gains during the prior year.

Six year historical trend information is presented in supplementary schedules following these notes (see page 58). In addition, both the General Employees and Police and Firefighters Retirement Systems issue separate financial statements. The Police and Fire plan statements are issued annually and the General Employees plan statements are issued biennially.

#### Defined Contribution Plans

##### General Employees Special Class Plan

The General Employees Special Class Plan is a single-employer defined contribution plan administered by the City which covers all classified City employees (except police and firefighters) who are not eligible to participate in the General Employees Retirement System. The City's current year payroll for employees covered by the plan was approximately \$1,602,000. The total City payroll for the year was approximately \$131,903,000.

The City contribution requirement of 9% on earnings of participants was paid on a biweekly basis and amounted to \$144,180 for the current year. Employee contributions are neither required nor permitted under the plan.

Employees become fully vested in the plan upon entry. These benefit provisions and all other requirements are established by City ordinance.

##### Non-classified Employees Retirement Plan

The Non-classified Employees Retirement Plan is a single-employer defined contribution plan administered by the City which covers certain non-classified City employees who have elected not to participate in the City's General Employees Retirement System. The City's current year payroll



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for employees covered by the plan was approximately \$1,502,000. The total City payroll for the year was approximately \$131,903,000.

The City contribution requirement of 10.8% on earnings of participants was paid on a biweekly basis and amounted to \$162,248 for the current year. Employee contributions are neither required nor permitted under the plan.

Employees become fully vested in the plan upon entry. These benefit provisions and all other requirements are established by City ordinance.

**(14) OTHER POSTEMPLOYMENT BENEFITS:**

The City provides a postemployment health insurance benefit for its general employees and sworn police officers. Employees are paid from \$100 to \$400 per month upon normal retirement for the purchase of health insurance. The benefit continues until age 65 and is funded on a pay-as-you-go basis. As of September 30, 2002 there were 288 retired employees receiving the benefit with an additional 2,184 employees eligible for participation in the future. Payments totaled \$766,976 for the year.

**(15) DEFERRED COMPENSATION PLAN:**

The City offers a deferred compensation plan to its employees in addition to the pension plans. Participation is optional. The City has adopted the provisions of IRS code Section 457(g) and GASB Statement No. 32 "Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans". Under these provisions, all assets and income of the plan are held in trust for the exclusive benefit of participants. Accordingly, the assets and liabilities of the plan are not reported within the City's financial statements.

**(16) OPERATING LEASES:**

On September 1, 1962 the City entered into a lease agreement with Bahia Mar Yachting Center, Inc. (Bahia Mar) for the purpose of constructing and operating a restaurant, lounge, yacht club, motel/hotel, convention hall, marine facilities and other similar businesses. The cost of the property at the inception of the lease was \$552,000. On June 30, 1994 this lease was assumed by RAHN Bahia Mar, LTD. and, as amended, will terminate on August 31, 2062, at which time, all additions to the property originally leased to Bahia Mar will revert to the City.

The lease agreement provides for a minimum guaranteed annual rental of \$300,000 per year. In addition, the City receives contingent rentals (\$573,277 in 2002) based upon escalating percentages of gross receipts for the duration of the agreement.

The City has various aviation leases and nonaviation land leases which are accounted for as operating leases in the Airport Fund. Minimum future rentals on these leases as of September 30, 2002 follow:

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	<u>Aviation Leases</u>	<u>Land Leases</u>	<u>Total</u>
Fiscal Year Ending in:			
2003	\$ 891,983	2,080,307	2,972,290
2004	891,983	2,080,307	2,972,290
2005	891,983	2,080,307	2,972,290
2006	891,983	2,080,307	2,972,290
2007	866,338	2,080,307	2,946,645
Later Years	<u>13,474,413</u>	<u>56,751,849</u>	<u>70,226,262</u>
	<u>\$ 17,908,683</u>	<u>67,153,384</u>	<u>85,062,067</u>

Contingent rentals on these leases amounted to \$1,401,037 in the current year.

**(17) COMMITMENTS AND CONTINGENT LIABILITIES:**

The City has outstanding commitments for construction and acquisition of property, plant and equipment in the various enterprise funds. The following is a summary of the more significant of these commitments at September 30, 2002:

<u>Water and Sewer Fund</u>	
Collection and Distribution Systems	\$ 7,427,876
Water Treatment Plants Improvements	7,330,388
Sanitary Sewers	3,970,333
Process Control Systems	4,863,899
Other	<u>3,344,554</u>
	<u>26,937,050</u>
<u>Sanitation Fund</u>	
Wingate Landfill Closure	111,661
Refuse Truck Facility	<u>173,262</u>
	<u>284,923</u>
<u>Parking System</u>	
Downtown Parking Garage	<u>2,277,760</u>
<u>Airport Fund</u>	
Airport Improvements	<u>296,057</u>
<u>Stormwater Fund</u>	
Storm Drainage	<u>607,371</u>
	<u>\$ 30,403,161</u>

On August 9, 1990 the City's wastewater biosolids compost plant was voluntarily taken out of service due to mechanical and odor control system problems. To address the disposal of the wastewater solids generated at the City's regional wastewater treatment plant, the City determined, from both an economic and regulatory standpoint, that the most viable solution was land application of the solids. The cost of the existing plant, which currently has a book value of \$20.1 million, was partially reimbursed by \$15.8 million in EPA grant funds. On March 9, 2000, the EPA requested a refund of the grant of approximately \$13.3 million. No liability has been recognized for this amount. The City is currently negotiating with the EPA to permanently close the facility. If an agreement is reached, the City believes the plant will be disposed of and any reimbursement to the EPA would be limited to proceeds received from the disposal.

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The EPA has conducted a remedial investigation at the City's Peele Dixie wellfield site to determine the source of ground water contamination. Primary sources for the contamination have been tentatively determined by the EPA to be a former waste oil reclamation facility and a site currently owned by the State of Florida. The EPA is using the Superfund process to recover remediation costs from the responsible parties. A settlement is anticipated to be reached sometime in 2003. Based upon this information, the City firmly believes that it will not incur additional expenses toward the remediation of this site.

Various substantial lawsuits have been filed against the City including personal injury claims, liability claims related to police activities and general liability claims. The estimated liabilities related to the various claims have been accrued in the City Insurance Internal Service Fund. In the opinion of City management, the expected liability for these claims would not materially exceed the amounts recorded in the financial statements.

**(18) SUBSEQUENT EVENTS:**

On November 26, 2002 the City sold \$28,660,000 General Obligation Refunding Bonds, Series 2002 to refund \$26,750,000 of the Series 1997 General Obligation Bonds. The issue provides for semi-annual principal and interest payments with interest rates ranging from 2.0% to 4.1% and a final maturity date of July 1, 2017.

On December 11, 2002 the City participated in the sale of \$27,625,000 of Florida Intergovernmental Financing Commission Capital Revenue Bonds 2002 Series B and C with the City of Coral Springs, Florida. Coral Springs received the \$8,875,000 proceeds of Series 2002B. The City received the \$18,750,000 proceeds of Series C which were used to refund \$3,355,000 of Series 1989A Excise Tax Improvement Bonds and \$5,730,000 of Series 1993 Excise Tax Improvement Bonds. It also provided \$10,000,000 financing for capital improvement projects. The bonds are variable rate instruments and provide for annual principal payments with final maturities of September 1, 2017 and 2019, respectively.

On January 23, 2003 the City sold \$4,610,000 of CRA Tax Increment Revenue Bonds, Series 2003A and B. Series 2003A refunded \$4,415,000 of Series 1992 Tax Increment Revenue Bonds and Series 2003B provided \$195,000 financing for certain improvements. The bonds provide for semi-annual principal and interest payments with interest rates of 4.25% and 3.19% and final maturities on September 1, 2012 and 2006, respectively.

On March 20, 2003 the City sold \$90,000,000 of Water and Sewer Revenue Bonds, Series 2003. The proceeds are being used to finance certain improvements and upgrades to the City's water and sewer system. The issue provides for semi-annual principal and interest payments with interest rates ranging from 2.0% to 4.625% and a final maturity on September 1, 2031.